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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 24, 1999

APPLICATION OF

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

CASE NO. INS990165

For revision of voluntary loss
costs and assigned risk workers'
compensation insurance rates

FINAL ORDER

THE APPLICATION in this proceeding was heard by the Commission on November 16, 1999. The National Council on Compensation Insurance, Inc. ("NCCI"), the Commission's Bureau of Insurance ("BOI"), the Division of Consumer Counsel of the Office of the Attorney General of Virginia ("OAG"), and protestants Washington Construction Employers Associations and the Iron Workers Employers Association appeared before the Commission by their counsel.

NOW, ON THIS DAY, having considered the record herein, including the closing arguments of counsel, the Commission is of the opinion, finds, and ORDERS:

(1) That the offset of 0.4% proposed by NCCI for the premium credits expected to result from the Virginia Contractors Classifications Program ("VCCPAP") be, and it is hereby

disapproved; and, in lieu thereof, an offset of 0.2% shall be employed;

(2) That, except as set forth in paragraph (1) above, the recommendations of the Bureau of Insurance, as agreed to in and on the record by NCCI, be, and they are hereby, APPROVED in lieu of the original recommendations made by NCCI in its application filed in this proceeding on June 30, 1999, which are hereby DISAPPROVED to the extent the same differ from the Bureau's recommendations;

(3) That the Commission encourages the working group, consisting of representatives of NCCI, BOI, OAG, and any other interested parties, which is studying the possibility of presenting an agreed upon econometric trending model to the Commission to continue working toward such goal as well as, in addition thereto, studying (i) the "swing limits" or "caps" presently approved and in use by NCCI, as recommended by BOI actuarial witness Ebert; (ii) the effect, if any, on workers' compensation insurance voluntary loss costs and assigned risk rates attributable to the recent creation of the Insurance Fraud Division of the Virginia Department of State Police; and (iii) any other matters relevant to such loss costs and rates;

(4) That NCCI and any other person participating in future voluntary loss costs and assigned risk rate applications before the Commission, when proposing methodologies or data sources

that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rates and/or rating values are based, shall be required to disclose the voluntary loss cost, or assigned risk rate or rating values effect of the change employing both the methodology it proposes to replace as well as the newly proposed methodology;

(5) That, in accordance with the adjustments ordered herein, NCCI shall revise its voluntary loss costs and assigned risk rates as follows: (i) an increase of 1.1% in industrial class voluntary loss costs; (ii) a decrease of 0.4% in "F" class voluntary loss costs; (iii) an increase of 29.8% in underground coal mines voluntary loss costs; (iv) an increase of 30.0% in surface coal mines voluntary loss costs; (v) an increase of 1.1% in industrial class assigned risk rates; (vi) an increase of 15.3% in "F" class assigned risk rates; (vii) an increase of 28.0% in underground coal mines assigned risk rates; and (viii) an increase of 25.6% in surface coal mines assigned risk rates;

(6) That, except as otherwise ordered herein, the proposed revisions to voluntary loss costs, assigned risk rates, minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates that have been filed by NCCI in this proceeding on

behalf of its members and subscribers shall be, and they are hereby, APPROVED for use with respect to new and renewal business issued to be effective on and after April 1, 2000; and

(7) That NCCI, BOI, OAG, and the protestants in this proceeding make their best efforts to recommend jointly to the Commission, on or before April 15, 2000, a proposed schedule for any year 2000 voluntary loss cost/assigned risk rate revision proceeding before the Commission. Such proposed schedule shall address: (i) the "pre-filing" of any discovery requests by BOI, OAG, and other protestants; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss cost/rate revision application and its direct testimony; (iii) the date on which NCCI proposes to respond to such prefiled discovery requests; (iv) the dates for the pre-filing of the direct testimony of BOI, OAG, and any protestants and the rebuttal testimony of NCCI; and (v) the date of any proposed hearing before the Commission.